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MONTANA
SALARY COMMISSION

MINORITY REPORT

SUBMITTED
BY
ROBERT B. SAUNDERS

NOVEMBER 15, 1973

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I agree for the most part with the findings and recommendations of the Salary Commission. I do not agree with a very small number of its recommendations. Also, I believe there are some additional facts that should be considered by the legislature. It is possible that if the commission could have had more time or meetings to discuss these differences there might not be a need for the exceptions I take to the report and perhaps the additional data could have been included in it. Nevertheless, the commission members conscientiously made their decisions, and I fully respect their judgements. There is and always should be room for an honest difference of opinion. My concerns about setting salaries are in three areas.

First, there is a lack of coordination in setting all state salaries. The commission report clearly states that there is a serious problem coordinating its recommendations for elected officials with the salaries paid to appointed officials over which it has no responsibility. Regardless of how carefully the commission considers elected officials salaries, the recommendations have a bearing on other state salaries paid now and in the future. Perhaps, some examples would be appropriate.

If the Salary Commission's recommendations are put into effect as they are in the report, the Attorney General, the Superintendent of Public Instruction, and indeed all other elected officials of the executive branch with the exception of the Governor <u>will not</u> be in the top fifty salaries paid by the State of Montana. If only one of these offices is important enough to carry a salary in the top fifty paid by the state

then there seems to be a need for a complete re-evaluation of the structure of state government.

Currently of the top 35 salaries paid to all officials, 25 are in the University System of the Department of Education. Only one of the top thirty-five is an elected official. The Department of Education has a budget for the current biennium of about 85 million dollars and 3,400 employees. The Department of Highways has a budget of 222 million dollars and 2,200 employees not one of whom is in the top thirty-five salaries. Maybe this will point out the need for an overview of this situation. Until this is done, there will be no way to reward responsibility, professional training, and just plain practical experience in an equitable way.

The second area of concern that I have with the Salary Commission report is what might be termed "economic concern." I know the commission was not charged with determining where the money was going to come from. However, it was charged with comparing current and recommended salaries with other states. With this in mind, I believe we should see where Montana stands not only in salaries paid but what funds we have available to pay those salaries. When it comes right down to the facts at hand, the average family in Montana is going to pay the bills for all public employment. The figures I refer to on the next page for average family income and other public employment figures are from the U.S. Census of 1970, General and Social Characteristics for Montana.

As of 1970 the average family income in Montana was $8,512 per year. This is 11.2% below the national average.

The percentage of increase in annual income for Montana families for the period 1959-1969 was the third from the bottom in the 50 states. Only two states had a lower percentage of increase.

As of 1970 there were 275,000 people employed in Montana. Of this number, 50,982 or 18.5% were in public employment by federal, state, local government. This is almost one out of every five employed persons.

Considering only state government employees and their number expressed as a percentage of the population of Montana, it appears that this state is 61% above the national average.

Combining state and local government employees, and expressing them again as a percentage of the population, this state is 13% above the national average. Only seven states have more employees in state and local government in proportion to the population than does Montana.

In 1970, 2.9% of the families in Montana had an annual income of $25,000 or more.

I have a genuine concern for these figures when we consider not only elected but also appointed officials and indeed all public employees. There is no doubt in my mind that the salaries at the top have an effect all the way through the whole system.

If the average family in Montana is going to pay the bills for government operation at all levels, and if this average family income is below the national average, and if the number

of employees of state and local government in Montana is above the national average, then it seems to me that most of the people in this state are going to bear a heavier burden for the support of local and state government than if they lived in some other state.

I am suggesting that it might be reasonable to conclude that elected and appointed officials should be asked to share this burden with the rest of the people of Montana.

The final area of concern is with a few specific recommendations or lack of the same. The commission's recommendations for pay increases to the members of the legislature are very modest. The $5 per day salary raise is minimal. The raise in per diem is nothing more than an effort to meet the actual cost of living away from a permanent home for two or three months a year. These raises are not inflationary even though the percentage is quite high because the starting point is very low. All the raise is actually going to go for is the increased cost of living away from home.

Some of the raises proposed for the other branches of state government are not in this same category. The commission did not recommend a specific time schedule for implementing the proposed raises, or whether they should be put into effect in one lump sum immediately. We are still operating under the voluntary guidelines of the Cost of Living Council. All salary increases of more than 5.5% are reviewed by the Council, and if found to be excessive, they can be reduced or spread out over a period of time.

I suggest to the legislature that the proposed increases be spread out over more than one year's time. I consider salary raises of up to 45% for full-time people in one year to be inflationary. Especially if those salaries are now in excess of $20,000 per year.

The only specific recommendation in the report which with I take exception is the proposed raises for the Supreme Court Justices. The proposed raises from $22,500 to $33,000 for the Justices is a 46% raise which will put them second from the top in the ten western states and among the top 16 high court salaries in the nation. The Chief Justice salary would go from $24,000 to $34,000 or up 42%. I feel that this recommendation is out of line with the recommendations for the District Court Judges and all other salaries for the executive branch offices.

I recommend that the salary for the Justices be set at $29,000 per year and the Chief Justice at $30,000 per year. Both would be subject to the same recommendation that the raises be implemented in more than one year.

It might be of interest to some people to note that a $28,000 salary doesn't cost the taxpayers of Montana $28,000. It costs at least $2,800 more than that in payroll costs of one kind or other.

Finally, I would like to return to one of the figures cited previously. As of 1970, only 2.9% of the families in Montana earned more than $25,000 per year. All appointed and elected officials who are among the top 3% of family income in the state should have a standard of living that is sufficient.